The sectors of crypto

> **CRYPTO SECTORS**
>
> Crypto organises into thematic groups - the majors, and shifting baskets of tokens sharing a narrative - that move together on their shared story rather than any shared business. They are the equity sectors' crowd-driven cousins: real enough to structure analysis and risk around, unstable enough that the map redraws itself each cycle, and correlated enough that a sector is often one bet.

The equity track read sectors as businesses with shared sensitivities. Crypto's sectors are narratives with shared attention - a looser, faster, more reflexive version of the same idea, and reading them is reading which stories move together.

What crypto sectors are

The majors: the largest coins, functioning as the market's beta - the flow layer's home, and the benchmark the rest is read against (module 2).The narrative baskets: groups of tokens sharing a thesis - a technology category, a use case - that rise and fall together as their story cycles; the sector, defined by narrative rather than industry.The instability: unlike equity sectors, crypto's baskets redraw each cycle - yesterday's dominant narrative is today's forgotten one, and the sector map is a snapshot of current attention, not a stable taxonomy.

Reading and risking by sector

The sector organises both analysis and risk. Analytically, a coin against its narrative basket (module 2's ratio) strips the sector's shared mood from its own story - the equity decomposition, cryp-to-flavoured. For risk, module 4's correlation-to-one applies within sectors most sharply: coins in one narrative basket are nearly one bet, so a 'diversified' book within a single narrative is concentrated exactly as an equity single-sector book was, only tighter. The sector is the unit at which crypto's already-high correlations peak.

The honest caveat

Crypto sector analysis is sold as rotation systems - 'capital rotates from majors to sectors to small caps' - and deserves the narrative-cycle scepticism of lesson 2: the rotations are real tendencies, not a clock, fitted to a short reflexive history and marketed with the winners shown. The honest use: know the current sectors, read coins against their baskets, size sectors as the correlated bets they are, and hold the map loosely because it redraws every cycle. Sectors are how crypto's crowd organises its attention - readable, riskable, and never as stable as the systems selling them claim.

Check your understanding

1. How do crypto sectors differ from equity sectors?

a. They are more stable

b. They are narratives, not industries: baskets sharing a story rather than a business, and they redraw each cycle as attention shifts - a snapshot, not a stable taxonomy

c. They have no correlation

Answer: b. Shared attention rather than shared business, and unstable by construction. The equity sector idea, crowd-driven and faster - real enough to use, loose enough to hold lightly.

2. Where does correlation-to-one peak in crypto?

a. Across the whole market only

b. Within sectors: coins in one narrative basket are nearly one bet, so a book diversified within a single narrative is concentrated as tightly as an equity single-sector book

c. Between the majors and stablecoins

Answer: b. The sector is the unit at which crypto's high correlations peak. Module 4's lesson at its sharpest - within-narrative diversification is a tilt on one tight bet.